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Ward's specialty appro...

Textiles pay their way at Bullock's

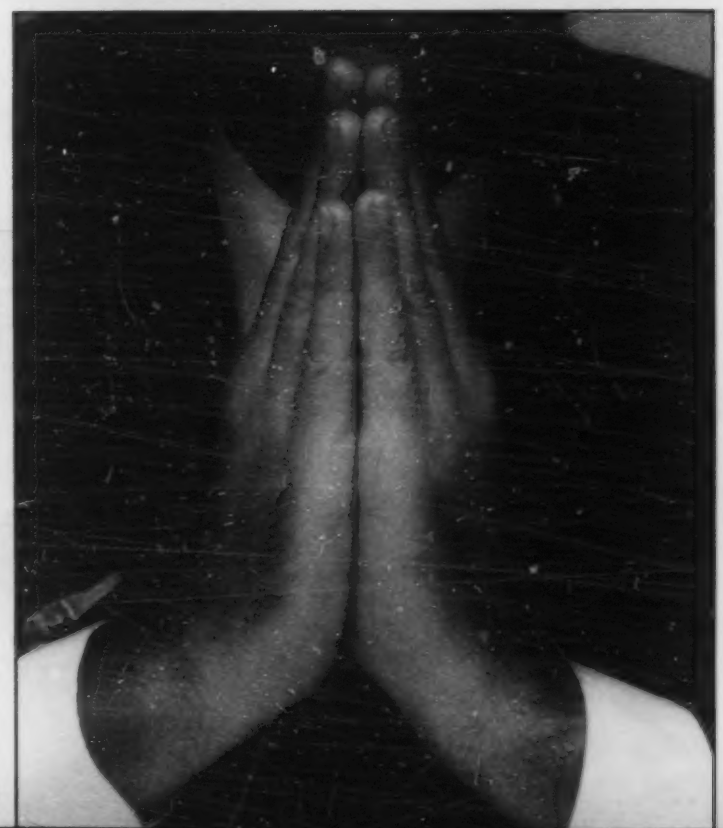
...X mart's new pres.

Chain Store Age

GENERAL MERCHANDISE TRENDS OCTOBER 1986

RETAILING AND RELIGION

Evangelical products flow into the mainstream



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TWO DOLLARS PER ISSUE

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October 1986

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CHAIN STORE AGE General Merchandise Trends (ISSN 0885-050X) is published monthly by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Retailers: $12 a year; three years, $32. Wholesalers, manufacturers, schools, libraries and all others: $20 a year. Foreign subscriptions: Airmail only, $100 a year. Single copy rate $2. Second Class postage paid at New York, N.Y., and at additional mailing offices. Vol. 62, No. 10.

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ALL CORRESPONDENCE should be addressed to Executive Offices, Chain Store Age General Merchandise Trends, 425 Park Ave., New York, N.Y. 10022. For a change of address, six weeks notice to Circulation Fulfillment Director, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079, is requested. Give old and new address and zip code. If possible enclose address portion from cover on previous issue. Postmaster: Please send address changes to *Chain Store Age*, General Merchandise Trends, Subscription Dept., 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. Member Audit Bureau of Circulations, Second Class Mail Publications Inc., and Magazine Publishers Association.

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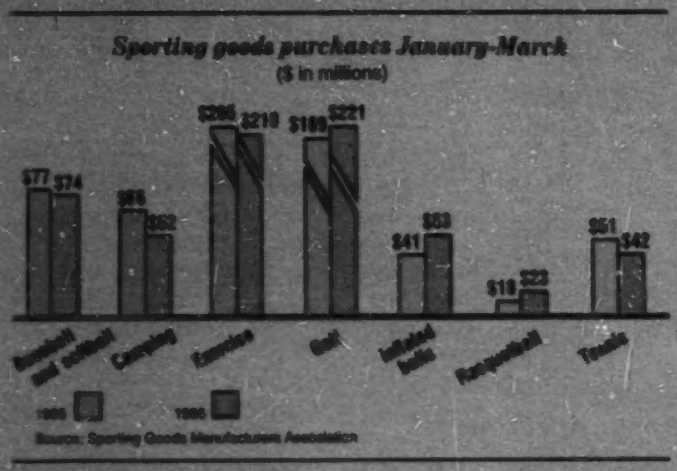
Golf moves to the fore

The exercise craze has not sputtered to a stop, but according to the Sporting Goods Manufacturers Association (SGMA), customers are buying less exercise equipment and are opting instead for golf gear, racquetball equipment and tossing around the old football.

In the SGMA's analysis of sales trends in the first quarter of 1986, sales of exercise equipment fell 21% from $265 million in 1985's first three months to $210 million for the same period this year. Also lagging significant decreases were camping equipment (−21%) and tennis equipment (−20%).



The big gainer in the first quarter was golf equipment, rising 31% over last year's figures, according to the SGMA. In the first three months golf gear raced to sales of $221 million, compared to $169 million in 1985.

Total sporting goods retail sales (excluding recreational transport and snow ski equipment) were $2.53 billion for the first quarter, according to the SGMA.

Other leading product categories for the first quarter were bicycles ($169 million), fishing tackle ($112.3 million), firearms and ammunition ($108 million) and water sports/recreation ($107 million).

Bullock's tablecloth 'thriller'

Singer Michael Jackson might make do with one glove, but when it comes to cloth napkins, he wants a matched set. For Bullock's, a department store chain that prides itself on service, that created a recent fuss.

Jackson wandered into Bullock's Sherman Oaks, Calif., branch looking for a tablecloth and napkins. The rocker was planning to host a formal dinner and needed linens ASAP.

He was shown a few tablecloths but kept asking to see something more expensive. The sales associate on duty (one of Bullock's finest, says a buyer) gladly led him up the line.

The star finally settled on a large lace cloth priced in the neighborhood of $200. Trouble came with the matching napkins. The Sherman Oaks store had only a few. Jackson needed eight.

But Bullock's promises service, and it means it. To save time the sales associate leaped into her car and tore off to another nearby Bullock's branch. There she bought the missing napkins herself, returning them at Sherman Oaks so they could be resold.

Dept. stores are efficient

Service is this year's retailing buzz word, but department stores may already be doing a better job than many suspect. According to a 5,000 household consumer survey conducted by The Conference Board, department stores get high marks for efficiency.

The New York research firm's findings show only supermarkets and banks getting higher rankings. In the poll, 38% of households say that department stores are highly or very highly efficient. Fifty-one per cent rank supermarkets high or very high, while 48% score banks similarly.

In the Conference Board survey, department stores outrank police, the post office, airlines, the Pentagon and Congress.

Department stores get high marks for efficiency*

Supermarkets	51%
Banks	48
Department stores	38
Credit card companies	36
Insurance companies	33
Electric utilities	30
Police	29
Airlines	29
Post office	28
Business	26
The press	22
Public schools	21
Space agency	19
Local transport	17
Commuter rail	12
Trade unions	12
Pentagon	10
Congress	8

*% saying high or very high efficiency
Source: The Conference Board

Correction

Monopoly is a product of Parker Brothers. The September issue of *Chain Store Age* incorrectly identified Milton Bradley as the maker of the venerable board game.

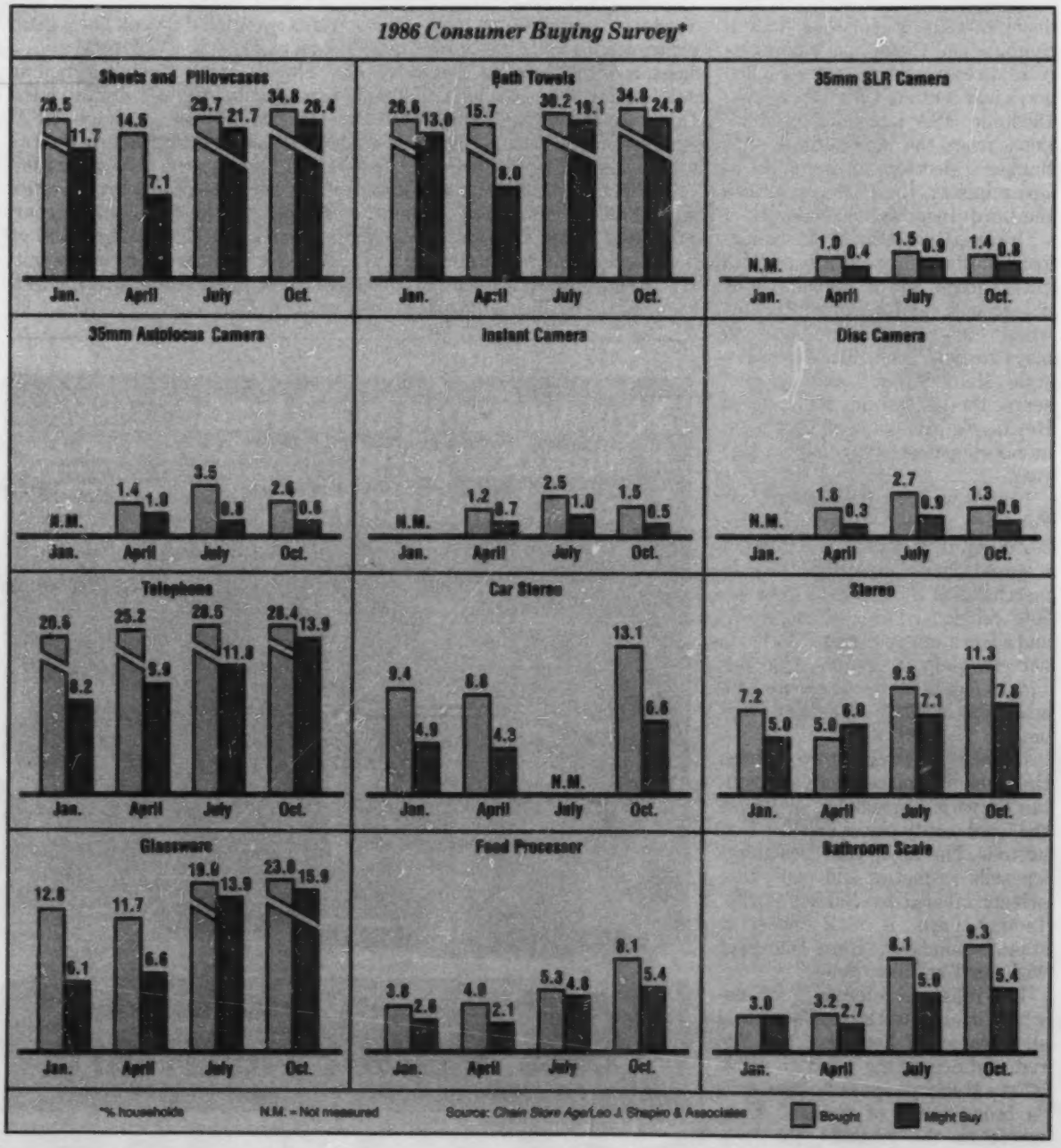
Promotions lead to inflated sales

Blame the customer is becoming a popular game among retailers. Many merchants, lamenting the year's modest sales growth, have found it easy to place blame for sometimes sluggish sales on the customer's tight-fisted grip on her wallet.

Though profits for most are generally looking good, primarily due to a better mix of apparel sales, the latest *Chain Store Age* MarkeTrends poll suggests that some home store profits are—perhaps needlessly—being promoted away.

Bath towels are now subject to nearly constant, year-round promotions. Many merchants are using towels as loss leaders, and according to the *CSA* MarkeTrends poll, customers are responding. Since January, the number of households reporting they have bought bath towels within the last 12 months has jumped 31%. The number who say they expect to buy towels in the next year is ahead 126%.

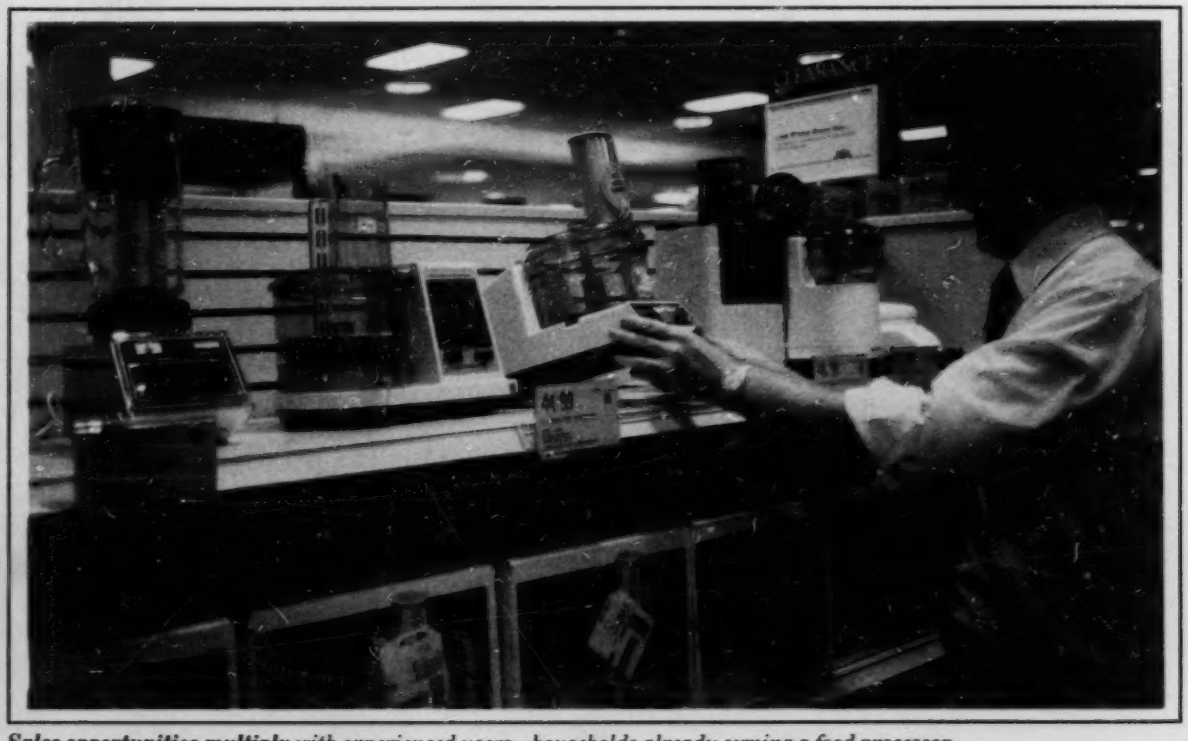
However, the question again is profitability, and whether or not giving away the store's hottest selling merchandise is a prudent long term strategy. In the *CSA* MarkeTrends survey, customer intent to buy glassware, another highly price



ONCE IS NOT ENOUGH IN FOOD

PROCESSORS

Though interest in first-ever food processors flags, the replacement market for this product is surprisingly active. Compacts spark interest.



***Sales opportunities multiply** with experienced users—households already owning a food processor.*

The world is divided into people who want standard-sized food processors and those who prefer compacts, according to *Chain Store Age* MarkeTrends research.

And it is not such a small world, after all. Although few consumers are interested in buying a first ever food processor, the replacement/supplemental market for this product is surprisingly active. A second processor is included in many household's plans for the next 12 months. However, those plans are not firm.

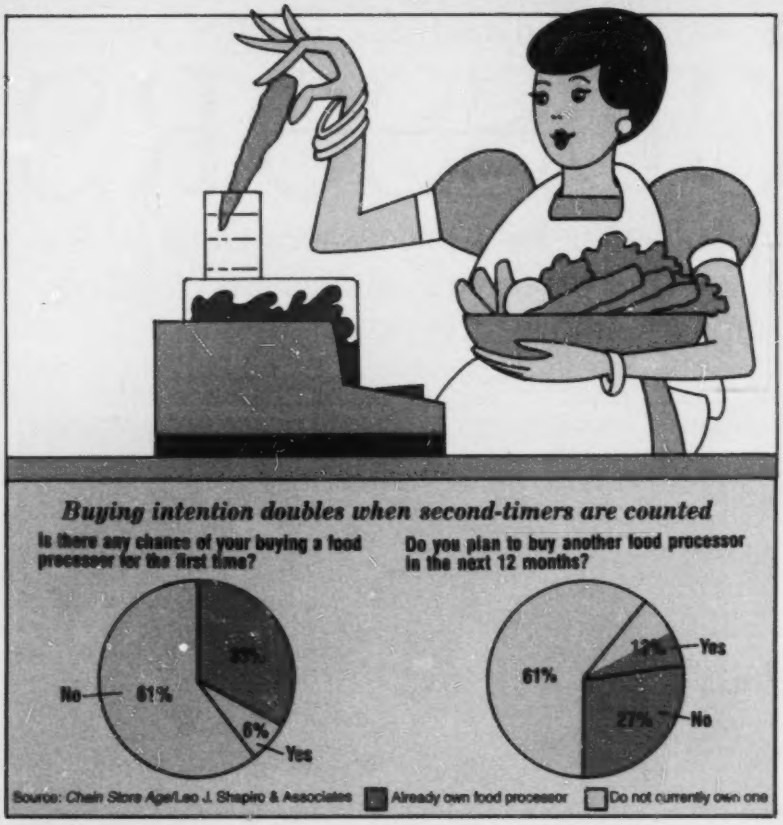
The survey found one-third of all households already owning a food processor. The remaining two-thirds appear to be hard-core refusers. Nearly 92% of the food processor-deficient households said they have no intention of buying the device in the coming year.

Interest appears linked to income, with the negative households much more likely to earn under $20,000 than either current or prospective owners.

It is well known that the market for this product peaked in 1981, when 3.2 million units were sold. Last year, the number had declined to 2.5 million.

But the recent entrenchment of Sunbeam's downsized Oskar could continue to revive interest, according to various indicators in the *CSA* MarkeTrends results. It is also likely that interest in compacts will grow as Oskar clones hit store shelves. Following Equity Industries' May victory in an unfair trade practices suit brought by Sunbeam, the way was cleared for Oskar look-alikes. The Christmas buying season will offer consumers pint-sized models from Equity, Hamilton Beach, Robeson, West Bend and Black & Decker. Retailers look forward to the invasion.

Meanwhile, the Cuisinart name still spells magic for consumers, according to survey findings. Its vendor is trying new angles to awaken a dormant market.


Buying intention doubles when second-timers are counted
Is there any chance of your buying a food processor for the first time?
No
61%
39%
Yes
Do you plan to buy another food processor in the next 12 months?
61%
12%
Yes
27%
No
Source: Chain Store Age/Leo J. Shapiro & Associates
Already own food processor
Do not currently own one

The *CSA* research uncovered gold that is yet to be mined in this business. Most opportunities lie with experienced users—households that already own a food processor but are toying with the idea of buying another.

Fifteen per cent of all current owners said they would not rule out the possibility of a next-year purchase. Of that number, 2.4% said they would "definitely" buy one, nearly 4% said probably, while the remainder gave a "maybe."

What will lure these fence-sitters back to the stores? On average, current owners have had a food processor for 3.3 years. An impressive portion (27.5%) have owned it for one year or less—perhaps a testament to the impact of Oskar, which will celebrate the second anniversary of its national roll-out next February.

The largest concentration (43.4%) of current owners bought their product between two and four years ago. That predates the introduction of compacts.

Yet 39% of current owners interested in market re-entry would choose a compact size, indicating that some who have standard models want to trade down in size. Full-size still exercises more appeal for these experienced users, selected by slightly less than half, while 11% had no clear preference.

Consumers considering a first-time entrance into the market are even keener on compacts; 55% want a downsized unit.

Responses from current owners and potential purchasers reveal that ease of cleaning is the most important attribute desired. On a scale of 1 to 9, with 9 considered "essential," consumers gave ease of cleaning an 8.36 score.

Closely behind was ease of operation at 8.28. The ability to cut precise shapes or to produce a desired texture earned a 7.06 rating, while

	Current food processor owners	Nonowners with intention to buy
[illegible]	[illegible]	[illegible]
Number of features	7.1	7.8
[illegible]	[illegible]	[illegible]

*Rated on a scale of 1 to 9; with 1 meaning "not important at all" and 9 meaning "essential."
Source: Chain Store Age/Leo J. Shapiro & Associates

the variable number of functions the appliance has rated a 7.05. Having a bowl or food tube that can handle a large amount of food generated just a 6.24 preference.

Current owners tend to use food processors for everyday needs rather than for company or special occasions. A majority of households that have the appliance (57.2%) say it is used mostly for day to day chores.

But that does not mean every single day. Nearly one-quarter use it less than once a month. Four in 10 though, use it at least once a week. When not in use, the processor is left on the counter by 49% of the households. Another 46% put it out of sight into a cabinet.

Oskar is a winner but not the only winner of the hit parade. Asked what brand they would prefer in a first or second food processor, nearly one-fifth of the total sample cited Sunbeam or Oskar. But close behind was the Cuisinart, with 16% of the votes.

Previous *CSA* MarkeTrends research has found an increasing number of consumers shopping department stores for food processors. That is where they are likely to see the Cuisinart in the spotlight. A black-based version of the DLC 10 Plus has recently joined the line, added to cash in on a trend toward black kitchen appliances.

Also-rans in the brand preference election were G.E., which brought in 9% of the votes though General Electric no longer makes small appliances, and Oster/Osterizer, though neither Oster's Kitchen Center nor its blender is a true food processor. Hamilton Beach and Moulinex/La Machine got a smattering of mentions.

A break-down reveals that Oskar made a stronger showing with novices than with experienced users (25% vs. 19%), while Cuisinart appealed about equally to both.

Interestingly, scorecards for the importance of various features were almost identical, whether they were marked by current or prospective owners. That indicates that nonowners with buying intentions are knowledgeable about the product.

The newcomers also seem to know price. Both novices and experts were most likely to cite the $100 to $149 range as the amount they expect to spend for a processor. But more first-timers than old hands named $70 to $99—a reflection of their interest in compacts. □

CUSTOMERS WANT FULLY-AUTOMATIC 35mm

CAMERAS

Consumers say they expect their next 35mm camera will include such features as auto focus, auto advance, auto load and DX auto film speed setting.

If there were a 35mm camera which somehow could automatically arrange the kids around the birthday cake, snap a picture and then blow out the candles, chances are customers would buy it. According to the latest *Chain Store Age* MarkeTrends survey, automatic cameras—and the more automated features, the better—have become the standard for amateur 35mm photography.

Whether they are first time 35mm buyers or step up customers, and regardless of whether they expect to pay $100 or $300, consumers in the *CSA* MarkeTrends poll say they expect their next 35mm camera will include features such as auto focus, auto advance, auto load and DX auto film speed setting.

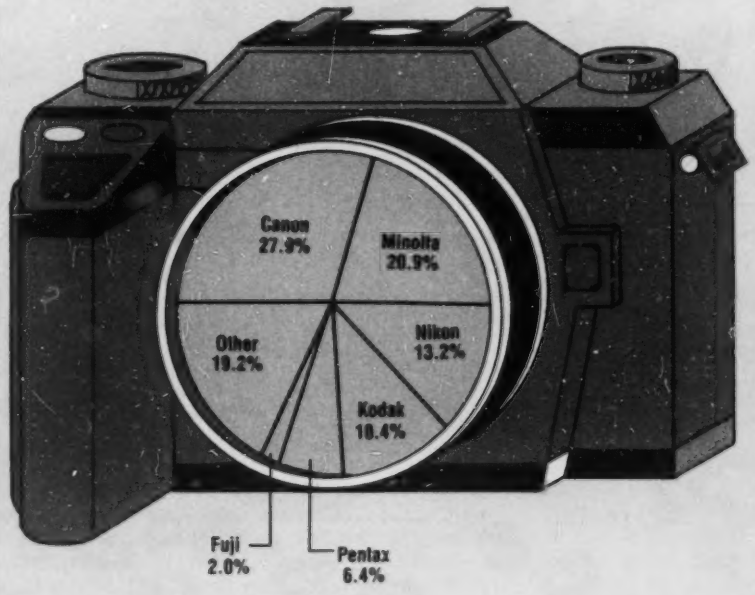
In the nationwide telephone poll, 76.3% say they have heard of automatic focusing, and 60.8% of that group also report that auto focus will be an essential feature on their next camera. This compares to the August 1984 survey where the number who were aware of automatic focusing was so small that it was considered statistically insignificant.

Nor is auto focus the only automated feature gaining customer recognition. In the poll, 73.7% report knowing about auto film advance, with 54.9% saying the feature is essential. Nearly two-thirds (64.6%) have heard of auto loading, with 49% rating it essential.

Of all the automated features studied, DX auto film speed setting is the least known. Still, almost 3 out of 5 in the poll (57.8%) report some knowledge of DX coding, and 54.2% of those who know about it consider auto film speed setting essential in a new camera.

Though DX coding is not familiar to an overwhelming majority of customers, among those who do know about it, the feature is of high importance. In absolute numbers, more potential customers say they want DX auto film speed setting than say they want a more familiar feature, auto loading.

35mm customers rank the top brands



Source: *Chain Store Age* Leo J. Shapiro & Associates

Across the board: The trend toward automatic features holds equally, whether the customer is a first time 35mm buyer or a customer trading up to a more sophisticated camera. On the average, those in the survey who do not currently own a 35mm camera, but who say there is a chance they will buy one within the next year, report that they expect to pay a median $195. Current owners say they will pay $300.

Almost 1 in 4 of the nonowners (23.9%) think that they will spend under $125 for a 35mm camera, compared to 4.8% of current owners. A majority (51.9%) of current owners report that they expect to pay over $275. Of nonowners, 28% think they will spend that amount.

Perhaps the most interesting price expectations in the study, however, are those voiced by households which do not currently own a 35mm camera and which say they definitely will *not* buy one within the next year. On the average, this group thinks they need to spend $281 for a 35mm camera—30% more

CONSUMERS GO SHOPPING AND SAY, "WE DO WINDOWS"

The upcoming 12 months will see consumers bustling to dress their windows. All types of treatments will share in the boom, with soft looks staging a comeback.

When it comes to covering windows, consumers want to have it all, both soft and hard treatments. A recent *Chain Store Age* MarkeTrends survey found few purists among the households planning to dress their windows over the next 12 months, which should be a hot time for this category.

All treatment types should share in the boom. In particular, the research suggests that soft looks may stage a comeback. Shut out by mini blinds for the past few years, curtains and drapes seem poised for a revival. Pinch-pleated drapes may play an important part.

Given a menu listing curtains, drapes, blinds and shades, a resounding 86% of consumers polled checked off two or more different products for their next-year shopping lists. Cross-tabulation shows that the curtain-shade combination is popular, with consumers wanting to buy both at once. A majority (56%) of households planning a purchase of curtains also intend to buy shades. The curtain and shade correlation indicates opportunities for retailers in cross-merchandising and color coordination.

The doubling up of window treatment does not stop there. Two-thirds of the households intending to buy blinds next year say they will hang them with drapes or curtains. And they are likely to pick up fresh supplies of both treatment types, rather than using already-owned products in the combos. One-third of all households polled list both curtains and blinds as items they expect to buy next year.

Buying intention was also strong for a product that normally goes solo: drapes. Slightly more than one-fifth of the sample surveyed plan a purchase of drapes in the next 12 months. Curtains nearly matched that level of interest, followed by shades (17%) and blinds (14%).

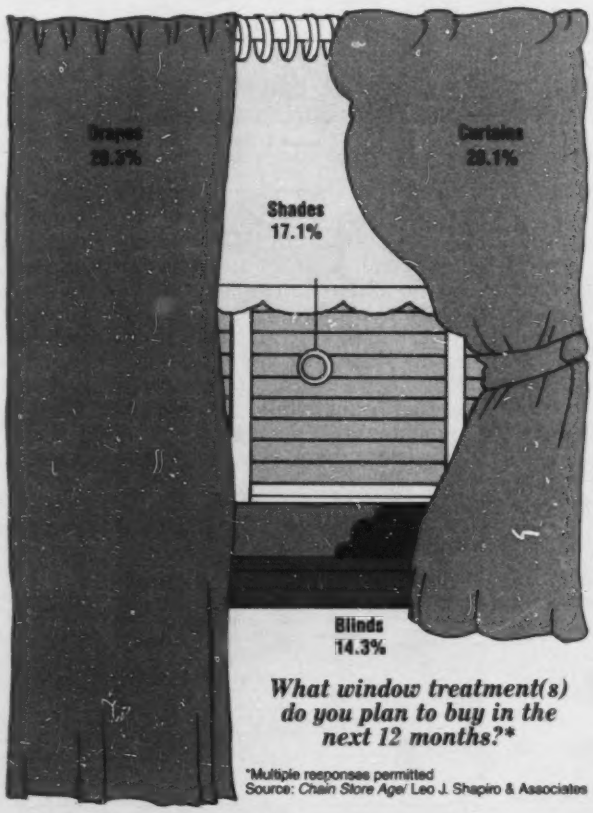
Those figures indicate that the mini blind craze may have peaked. About six months ago, one department store merchandiser speculated that consumers eventually may tire of the cold, architectural look of mini blinds. But, he added, "They're not tired of it yet."

Now the tide may be turning. Market saturation is a possible factor. Asked what window treatments they already own, 44% of the sample reported having blinds. Eliminating those who mean venetian blinds, rather than the newer hard treatments, the figure changes to 37% of the total. A breakdown of that portion shows 17% owning mini blinds, 7% owning verticals and 2%, micro blinds. An additional 2% did not specify type.

Though buying intention for blinds is healthy, it does not match the growth promised for curtains and drapes. Purchasing plans for curtains are greater than reported ownership level (19%). Similarly, interest in drapes nearly matches its present installed base (22%).

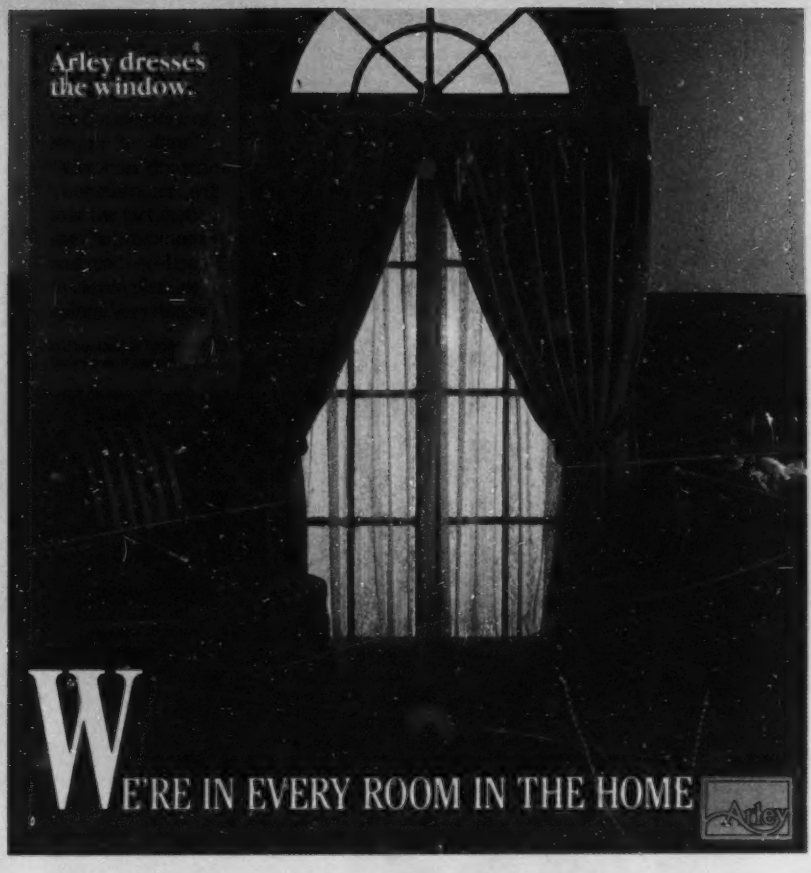
Other *CSA* MarkeTrends research has uncovered a strong desire among consumers to match their window treatments to bed linens. Fashion may be heating up the market.

As might be expected, shades can be expected to grow most slowly of all; 46% of households have bought window shades at one time, but only 17% plan to shop for them in the future. Interestingly, 3.3% of all shade owners say some of their



What window treatment(s) do you plan to buy in the next 12 months?*

*Multiple responses permitted
Source: *Chain Store Age*/ Leo J. Shapiro & Associates



Interest in window treatments sharpest among very short- and very long-term dwellers

Years at current address	Percentage of total who plan purchases of three or more treatment types
Less than 1	17.6%
1	8.2
2	5.7
3	2.8
4	7.7
5-9	15.5
10-14	12.7
15-19	7.8
20 or more	22.8

Source: *Chain Store Age*/Leo J. Shapiro & Associates

shades are pleated. That is a larger percentage than some pleated shade-watchers have suggested. Given such a level of product familiarity, new inroads for this category may be made more easily than expected.

The market for blinds is likely to go through some shifts. Not surprisingly, mini blinds will be the type chosen by 46% of the households with buying intentions. Verticals promise growth, selected by 20%. Even their manufacturers concede privately that the category is troublesome: verticals do not offer the light-adjustment features of minis, and slat twisting can be a problem. But consumers appear to want them.

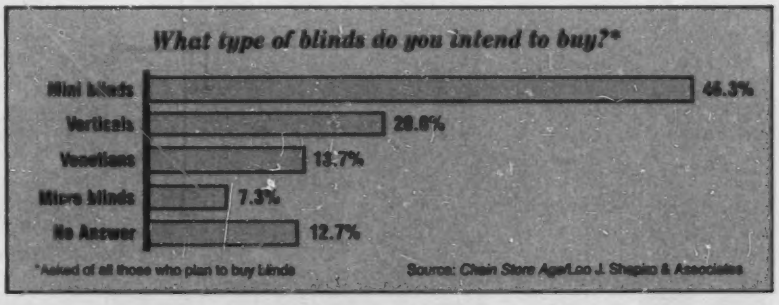
Micro blinds trail the other types, chosen by 7% of prospective shoppers. Still, that is a slight increase from their current marketshare. Venetians have plunged to the point where only 14% of the sample will seek them.

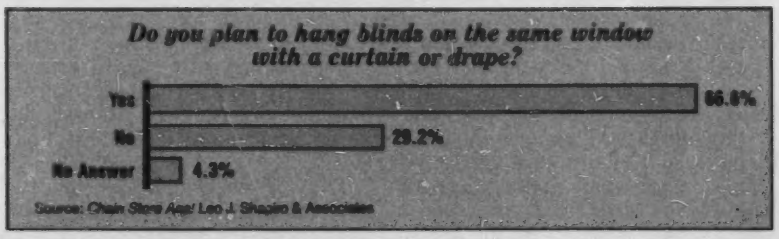
Households interested in blinds are likely to choose them in vinyl. That is the choice of 49%, while 37% prefer aluminum. About 46% expect to buy a blind in a stock size, while 51% are braced for made-to-measure. Approximately 3% had no answer to this question.

Brand does not seem to matter much in blinds. The majority of prospective purchasers (55%) did not cite a brand. Among those who did, Levolor ranked first, chosen by slightly more than one-third. The private labels of Sears and Montgomery Ward followed far behind, named by 5% and 2% respectively. No other brand attained even 2% of the mentions.

Discounters and specialty stores should be the biggest beneficiaries of the interest in blinds. Each retail type can expect about one-fifth of next year's traffic, according to the research. About one-tenth of all shoppers plan to head for Sears, and the same goes for Penney, while Ward lags with 3%.

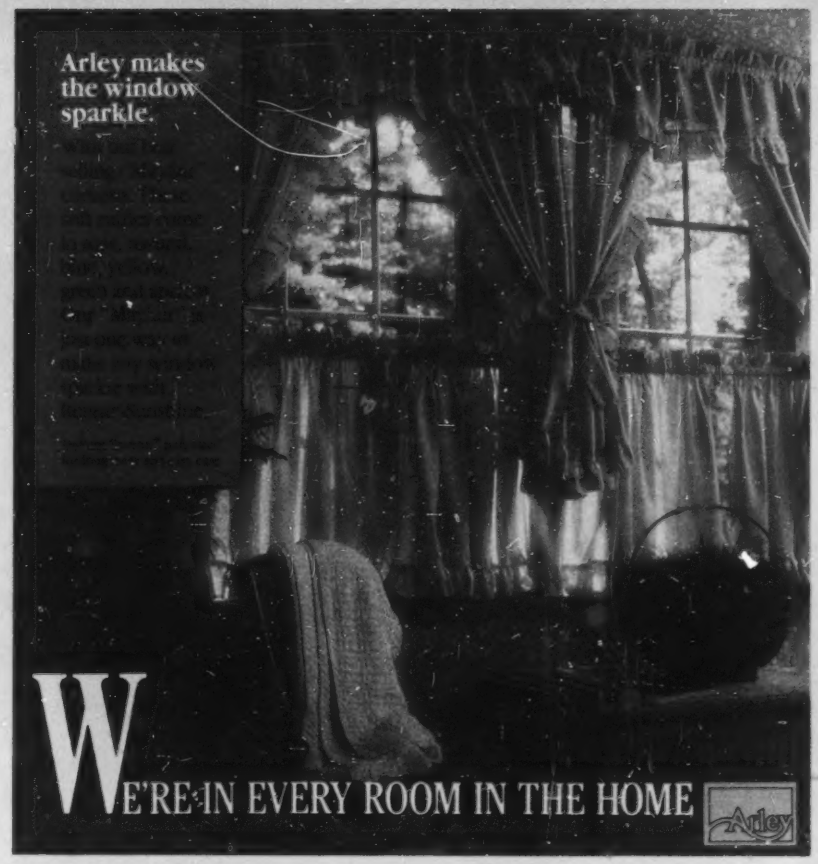
For some time, drapes have taken a back seat tc the flurry over mini blinds and pole-top Priscilla curtains. Now the outlook for drapes appears rosy, and pinch-pleats are the consumer's choice. Nearly two-thirds of households planning drape purchases want pinch-pleats, compared with the one-fifth looking for rod pockets. A significant 16% had no answer to this question. Still, the interest in tailored or formal looks, rather than country fashions, seems





What brand of blinds do you plan to buy?*	
Levolor	33.8%
Sears	4.5%
Ward	2.1%
Kirsch	1.5%
Pella	1.4%
Other	1.4%
Not Answering	55.2%

*Asked of all those intending to buy blinds.
Source: *Chain Store Age*/Leo J. Shapiro & Associates



to predominate in drapes.

Hardware sales could benefit from the interest in pinch-pleats. Pleated drapes require traverse rods or similar hardware, a higher priced category than pocket rods.

The preference for machine-washable drapes is strong. That is a tall order for pinch-pleat products. Heavy fabrics, linings and weighted hems supply drapability but demand dry cleaning. Generally, only sheers and semi-sheers survive the trip through the laundry room. Yet a clear majority (56%) of drape shoppers call washability "very important," joined by an additional 25% rating it as "somewhat important."

The keen interest in window dressing may be tied to new housing construction. Intention to buy multiple product types was sharpest among new homesteaders. About 18% of the sample polled had lived at their current addresses for one year of less. They accounted for a disproportionate 25% of those planning to buy three or more different products.

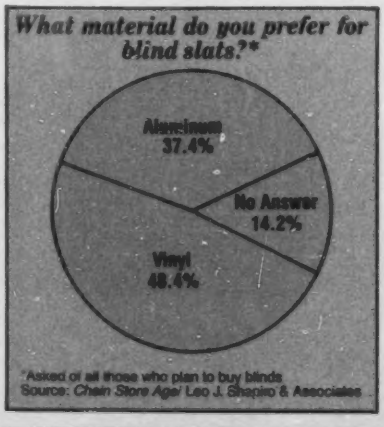
Longer term dwellers, those who have been at their current addresses for 2 to 19 years, tended to focus on one product only. However, they may be planning to buy multiple units of that single type.

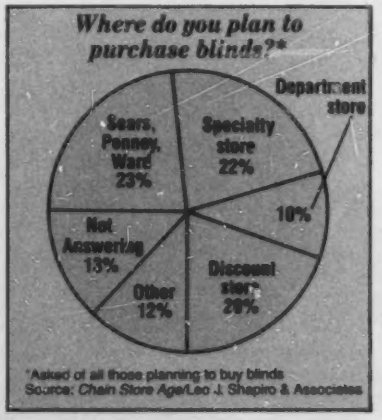
Once the 20-year residence mark is hit, interest in different window treatment types revives. That finding may reflect plans to redecorate an entire home.

Preference for window treatment type does not correlate closely with income or educational level. The only exception is curtains, which seem to appeal strongly to a slightly downscale market. However, they also evoke interest from other demographic groups.

Consumers whose education was completed at Grade 12 account for a disproportionate number of potential curtain shoppers. They compose 32.7% of all survey respondents, but 42.5% of the group planning to buy curtains. By contrast, they comprise 32.8% of those intending to shop for drapes—nearly an exact match with their participation in the sample.

An income breakdown reveals that curtains interest a disproportionate number of households earning between $15,000 and $20,000. That income level represents 13.2% of total respondents, but 17.2% of the curtain market. The difference is small, but it is unequalled elsewhere in the demographic data. □


What material do you prefer for blind slats?*
Aluminum 37.4%
No Answer 14.2%
Vinyl 48.4%
*Asked of all those who plan to buy blinds
Source: Chain Store Age/ Leo J. Shapiro & Associates


Where do you plan to purchase blinds?*
Department store 10%
Specialty store 22%
Sears, Penney, Ward 23%
Not Answering 13%
Other 12%
Discount store 20%
*Asked of all those planning to buy blinds
Source: Chain Store Age/Leo J. Shapiro & Associates

Curtains could be a slightly downscale product		
	Percentage of sample polled	Percentage of those planning to buy curtains
High school graduate (no college)	32.7%	42.5%
Household income $15,000-$20,000	13.2	17.2

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Women's entry into the work force caused a decline in Tupperware, and Rubbermaid has revived the category by lending its influential name to food storage containers.

Rubbermaid emerges a 'clear' winner

Rubbermaid enjoys a 92% brand awareness, *almost as high as the 98% level for Tupperware.*

It is not the first time a big name helped revive a category. But in the case of food storage containers, the name had no relation to the fashion world. In fact, it came out of the sink.

"Rubbermaid got placement. They made the category more important to the retailer," says Harry Fishman, president of Eagle Affiliates, whose own Superseal containers are basking in the attention earned by Rubbermaid's Servin' Savers.

In addition to fueling interest, the major food storage player is upping the ante in technological development. Trying to keep pace with Rubbermaid's two-year-old clear-base containers, competitors are scurrying to produce containers with larger see-through areas.

Consumers like to see what is stored without lifting a lid. Microwavability has also become a factor.

But clear plastics cost more to produce than opaque ones, and microwavability nearly doubles the expense. Vendors are racing to develop lower-cost technology so that price points can be contained.

As one storage container maker points out, there is a big difference between asking a shopper to spend $2 for a container and tagging it at $4.

Yet consumers refuse the product without upgrades. Until about five years ago, the category was dormant at retail, recalls Mark Levie, buyer for the 105-unit Lechter's housewares specialty chain.

In those days, Tupperware was the only name associated with value (according to Fishman, the direct-sales brand still enjoys 98% consumer awareness, compared to Rubbermaid's 92% and Eagle's 68%). Products available over-the-counter were thin-walled and prone to warping.

Rubbermaid's debut in the category took advantage of a Tupperware decline. Though 1985 sales for Dart & Kraft's Tupperware division were a respectable $762 million, earnings fell badly from levels of previous years. The entry of women into the workforce dealt a blow to Tupperware parties.

These days it is retailers who are throwing the parties. K mart senior buyer Tom Hilt reports that the chain's food storage sales increased 50% in the first half of '86 over the figure of '85.

Hilt acknowledges that part of the growth is due to additional sku's, now numbering 46 at K mart from Rubbermaid alone. But as items were added from Rubbermaid and Max Klein, some were dropped from Eagle. Servin' Savers are K mart's food storage stars, advertised in various groupings every month.

New Jersey-based Lechter's sources containers mainly from Rubbermaid and Republic Molding. Levie currently carries no products from Eagle, finding that they do not fit in with what his chain is trying to project: a quality image at discount prices.

"You don't want customers to think, "Well, I can get this in a su-

permarket," Levie explains. However, he notes that Eagle is improving its quality.

Company president Fishman promises that Eagle is about to introduce a "gorgeous" clear-base line, developed to counter Rubbermaid's products. Price points have not yet been set, but Fishman observes that Rubbermaid's clear-base items carry retail prices about 10% to 15% higher than those for its more opaque products.

The emergence of completely see-through bases has escalated the technology battle. Previously, some products were completely cloudy, made of polyethylene. Then vendors such as Eagle began offering a clear window in a portion of the base to allow consumers to view the contents.

At the same time, crystal clear bases, including some from Eagle with decorator-color lids, were on the market. But they were manufactured of styrene, also used in clothes storage containers. Styrene does not offer the same storage qualities as polypropylene, the relatively clear plastic that caused the recent excitement. Consumers can now have a see-through container that goes into the dishwasher and the freezer.

A broader assortment of sizes and shapes has also intensified consumer interest. Gone are the days when only Tupperware offered vessels custom-designed for pie wedges, salads, spaghetti and salads.

Most of the major players in food storage manufacturing now offer these specialized shapes. Not generally carried by supermarkets, specific-purpose containers allow the mass merchandiser to "look like you are seriously in the business," as Lechter's Levie puts it.

Special shape vessels do not turn as rapidly as general-purpose containers, but they command higher prices. At K mart, price points for Servin' Savers range from 86¢ for a one-cup cylinder to $6 for a cake saver. Hilt rates margins as "pretty good." He adds, "We promote, and that helps sales."

The K mart buyer considers assortment more important than microwavability, which sometimes raises price points beyond what his customer wants to pay.

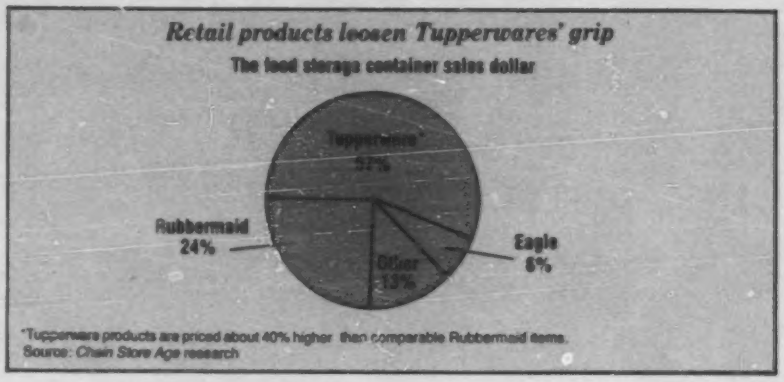
However Anchor Hocking, a new entrant in the storage sweepstakes sees microwavability as the way to go. Anchor prefers that retailers carry its new storage containers in the microwave cookware section.

Anchor's Microwave Foodkeepers began shipping in August. Similar to the vendor's Freeze, Heat and Serve line, they promise to make the journey from freezer to microwave to table, but their channel seal gives them a better lid lock.

Retail price points for the Anchor products range from $1.29 to $2.99. In this case, microwavability means the Foodkeepers can be used in cooking mode—up to 400° as opposed to the usual reheating maximum of 180° for other food containers.

Microwave Foodkeepers have a clear lid but an opaque thermal-set polyester base. According to John Davenport, Anchor's marketing manager for microwave products, focus groups have said that a clear lid is clarity enough. "People store them differently, including in chest freezers," Davenport says.

Still, Davenport concedes that full clarity at low cost—and with an assurance it would not cloud up in the dishwasher—would give any vendor an edge. □



Endura has introduced a microwave popcorn popper that allows the use of regular popcorn and oil. The popper top doubles as a serving bowl, and the product is dishwasher safe. It comes in a choice of three colors and has a lifetime warranty. Suggested retail is $12.95. *(Endrua, 5400 W. Roosevelt Road, Chicago, Ill. 60650.)*

Proctor-Silex has released an electric heating pot with a multitemperature control. The pot holds up to 32 oz., is fashioned from plastic and aluminum and comes in white with beige and red accents. Packaged with a four-color design, the pot carries a suggested retail of $22.95. *(WearEver-Proctor Silex, 560 Sylvan Ave., Englewood Cliffs, N.J. 07632-3198.)*

R & R Industries has released a key holder with these features: Quick access to a desired key, embossed identification symbols that allow for easy individual key identification, a configuration that allows keys to be added or subtracted from the key holder easily, and eight separate key loops. The key holder carries a suggested retail of $1.95. *(R & R Industries, 9451 W. Ainslie Ave., Schiller Park, Ill. 60176.)*

While ball point pens remain the industry leaders, rolling point pens have seen tremendous growth in the past several years. Porous pens continue on a downward path.

Writing instruments get to the point

We're looking at an explosion in roller pens," says Mike Merwin, product manager for Bic Corp. Sales are racing ahead again this year and industry sources expect units to grow by 20% to approximately 283 million.

"The rolling point is not a new entry but in the past two or three years, we've seen tremendous growth," continues Merwin. Pentel introduced the category about 15 years ago with its Rolling Writer. Last year, unit sales for all roller pens went to 236.2 million from 196.9 million in '84 while manufacturers' dollar sales climbed 20.7% to $101.6 million, according to data compiled by the Writing Instrument Manufacturers Association Inc. (WIMA). This compares with all writing instruments which grew units by 2.6% to 3.5 billion, and dollar volume by 7.0% to $970.7 million, last year.

Porous pens or flair have been effected the most by the success of the roller pens. Unit sales declined 1.8% in '85 over '84, notes WIMA statistics.

Pentel's director of marketing Robert Seeman doesn't foresee an immediate slowdown in sales. In fact, he doesn't expect the category to plateau for at least two more years.

The growing acceptance of these pens in business as well as home use fuel sales. Vendors note that roller pens generally don't leak or have breakdown of points and are consistent writers. Moreover, the recent addition of metal tip rollers by Bic, Paper Mate and Pentel, keep the category fresh and exciting.

Currently, the bulk sales for specialists are at the $1.19 price point compared with bulk sales at $1.09 for discounters and variety stores. All merchants note excellent gross margins; specialists averaging 50% or better (on imports) and mass merchants citing 40%-plus. A highly developed roller pen business can account for as much as 15% of the total writing instrument sales, though it generally contributes 10% of sales, note retailers.

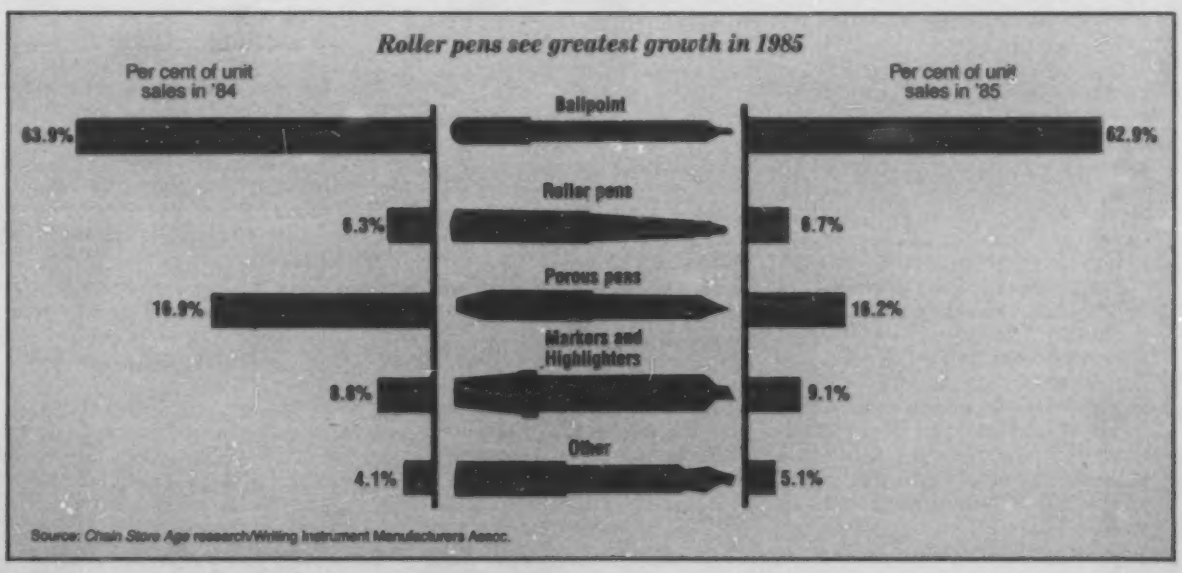
At Chaffin, buyer Doug Callihan recently increased his selection to five sku's, all disposables, to pump up his business. Unlike many specialists who have broadened their offerings in roller pens, Chaffin does not carry refillables. Callihan says their retail is too high and he doesn't want to tie-up valuable real estate and dollars in these slower-turning pens and their refills.

But despite roller pens having the best growth industrywide, the volume leader remains ballpoint pens. Sr. product manager for Paper Mate, a division of The Gillette Co., Scott Searle says, "Ballpoint pens continue to grow and dominate the market."

WIMA statistics show unit sales for ball points in '85 were 2.2 billion; an increase of 1.1% over '84 sales. Additionally, these pens accounted for more than three-fifths of all writing instruments sold in 1985. (see chart.)

According to WIMA, unit sales of erasables were down 10% to 100.3 million in '85. Merwin says, "They [erasables] can't hold up constantly. They're not quality writers."

Paper Mate's product manager for refillable goods Joe Coletti says that Paper Mate's erasables business is up substantially. He says these pens have found their niche with grade school children. □



Second quarter profits up 23.3%

Better inventory control and a tighter grip on expenses were the key to earnings gains for most major retail companies in the second quarter, as customers continued to spend sparingly. Profits for the 24 retailers tracked by *Chain Store Age* moved ahead 23.3% in the quarter and are up 20.3% for the year's first half.

Still, profits in the first half of 1986 are compared to weak earnings performance in last year's first two quarters, and at many retail companies profits are actually running below 1984 levels. Inventories going into the second half, however, are reported in better shape than in either of the two previous years, suggesting that merchants will be able to avoid another fourth quarter markdown blitz this year.

Yet, the biggest surprise in the second quarter was Zayre's 64.9% earnings drop, falling from $16 million in 1985 to $5.6 million this year. In fact, the profit downturn was such a surprise that it spawned a shareholder suit alleging that the discounter had not disclosed its second quarter problems in a timely manner.

Problems for Zayre began early in the quarter with slow moving inventories of women's apparel and home electronics. The discounter went on a markdown binge which pumped up sales 35%, but which did not produce profits. Zayre says the quarter was only a "hiccup" and that it is now back on track.

Also reporting less than expected profits for the quarter was Associated Dry Goods, where earnings dropped 79.6% from $14.5 million last year to $3 million in 1986. Even accounting for a $3 million pretax nonrecurring gain from tax and pension adjustments included in last year's totals, ADG posted a 74% drop in the quarter. Associated cited poor results from its Northeast Caldor discount chain and from its J. W. Robinson's (California) department stores for the decline.

As Associated Dry Goods moves toward acquisition by May Department Stores, some industry analysts are predicting that third quarter results will prove equally poor, as May prepares itself for favorable earnings comparisons in 1987. May reported profits gaining 20.6% in the second quarter and increasing 20.8% for the first half.

Some of the quarter's best profit performances, however, were reserved for the Big 3 mass merchants. Sears rebounded from a virtual earnings collapse in the first quarter to record a 20.6% uptick in the second. For the first half, Merchandising Group profits still lag 2.8% behind last year's totals. Sears credited reduced pension expense and better margins for the gain.

Crosstown rival Montgomery Ward continued on the comeback trail with second quarter profits jumping from $3 million in 1985 to $14 million this year. For the first half, earnings increased from $1 million a year ago to $16 million in 1986.

J. C. Penney, citing both a reduction in SG&A expenses and an increase in gross margins, reported a 53.3% earnings gain for the second quarter and a 36.2% increase for the first half. In addition, Penney reported reduced advertising expenses and a drop in interest costs because of lower interest rates and benefits realized from debt restructuring.

K mart's second quarter profits jumped 58% on a sales increase of only 9.5%. Company officials credited the continuing success of its Jaclyn Smith apparel line and cost cutting for the gain. "Our increased earnings and sales were the result of carefully planned merchandising programs and promotions and favorable consumer response," said K mart chairman Bernard Fauber.

Selling, general and administrative expenses were 24% of sales for the second quarter of 1986, compared to 25% of sales for the same period last year. Fauber indicated that continuation of carefully controlled expense programs contributed to the decline in SG&A ratio.

Wal-Mart, meanwhile, continued to turn the economic woes of its Oil Patch and Farm Belt markets into profits. The Bentonville, Ark.-based discounter reported net income increasing 34% for the quarter and 37% for the first half.

Second quarter earnings rebound

Chain	2nd quarter 1985	2nd quarter 1986	% change	1st half 1985	1st half 1986	% change
Sears	$137,800	$166,200	+ 20.6	$ 214,300	$ 208,300	– 2.8
Penney	30,000	46,000	+ 53.3	80,000	109,000	+ 36.2
Ward	3,000	14,000	+ 366.7	1,000	16,000	+1,500.0
Subtotal	170,800	226,200	+ 32.4	295,300	333,300	+ 12.9
K mart	74,800	118,400	+ 58.3	133,300	210,000	+ 57.5
Ames	6,953	6,267	– 9.9	11,693	12,052	+ 3.1
Jamesway	1,578	2,589	+ 64.1	2,547	3,455	+ 35.6
Roses	3,513	3,773	+ 7.4	7,269	10,288	+ 41.5
Wal-Mart	71,809	95,864	+ 33.5	123,499	169,255	+ 37.0
Woolworth	27,000	35,000	+ 29.6	33,000	48,000	+ 45.4
Zayre	15,990	5,610	– 64.9	31,182	22,306	– 28.5
Subtotal	201,643	267,503	+ 32.7	342,490	475,356	+ 38.8
Allied	30,996	17,721	– 42.8	48,213	38,403	– 20.4
Associated Dry Goods	14,528	2,961	– 79.6	23,908	8,407	– 64.8
Carter Hawley Hale	7,725	11,570	+ 49.8	19,290	26,140	+ 35.5
Dayton Hudson	40,000	36,700	– 8.2	73,400	75,300	+ 2.6
Federated	25,027	34,519	+ 37.9	75,051	81,868	+ 9.1
May Co.	37,800	45,600	+ 20.6	71,300	86,100	+ 20.8
Mercantile	12,884	14,213	+ 10.3	30,480	35,770	+ 17.4
Subtotal	168,960	163,284	– 3.4	341,642	351,988	+ 3.0
Oshman's	919	296	– 67.8	279	(1,615)	N.M.
Toys "R" Us	11,843	13,062	+ 10.3	24,022	23,402	– 2.6
Subtotal	12,762	13,358	+ 4.7	24,301	21,787	– 10.3
The Gap	418	8,394	+1,908.1	(699)	18,618	N.M.
The Limited	25,744	40,220	+ 56.2	47,090	71,622	+ 52.1
Edison Bros.	4,300	4,500	+ 4.6	8,900	9,200	+ 3.4
Subtotal	30,462	53,114	+ 74.4	55,291	99,440	+ 79.8
Clothes Time	3,828	4,457	+ 16.4	5,195	6,260	+ 20.5
Ross	1,431	(515)	N.M.	(2,881)	(6,812)	N.M.
Subtotal	5,259	3,942	– 25.0	2,314	(552)	N.M.
Total	$589,886	$727,401	+ 23.3	$1,061,338	$1,281,319	+ 20.7

'000 omitted N.M. = Not meaningful
( ) Indicates loss.
Source: *Chain Store Age* research.

Second month of double-digit sales

August scored the second consecutive month of double-digit sales gains for the nation's biggest merchants, as a back-to-school shopping spree pushed August volume ahead 11.3% for the 17 retailers monitored by *Chain Store Age*. For the seven months of the current fiscal year, sales are up 10.3% over 1985 totals.

"The back-to-school season, which took place in the latter part of the month, reflected a notable pick-up in consumer demand," said Merrill Lynch retail analyst Jeffrey Feiner. Although Feiner noted that the sales results were too small to generalize from, he said that the month's good sales figures could portend an improving retail climate.

For Sears, the nation's largest retailer, August volume moved up 4.5% for the U.S. Merchandising Group. Chairman/ceo Edward Brennan said good increases were experienced in housing related merchandise and apparel, especially in back-to-school lines. Brennan noted that sales gains were strongest in the Midwest and West. Year-to-date totals are up 2.5%.

K mart, the nation's second largest retailer, reported August sales up 7.4% and year-to-date figures ahead 6.9%. In K mart stores open at least one year, volume was ahead 5.6% for the month and are up 5.4% for the seven-month period. K mart chairman Bernard Fauber, commenting on the August results, said, "Back-to-school merchandise is selling very well, and fall sales are expected to continue strong."

The back-to-school spending spree resulted in sales gains for women's suits, dresses and junior sportswear, according to J. C. Penney chairman William Howell. Also showing strong customer demand in soft lines were young men's jeans, slacks, sports shirts, as well as girls' fashion forward separates and boys' classic sportswear. Sales of back-to-school shoes and athletic footwear were also strong.

In the home furnishings area, Penney reported good results for upholstered furniture, tabletop, and bed and bath merchandise. Home electronics also scored sales gains, according to Howell. Volume for J. C. Penney stores and catalog operations were up 5.5% in August, with comparable-store results gaining 5.7%.

At Dayton Hudson, chairman/ceo Kenneth Macke reported strong interest in fall merchandise, with fashion the key for both apparel and hard lines. Macke said the corporation was especially pleased with Target's results in August. The discount store's 13% increase in total sales was its strongest showing of the year. Target's comparable-store sales gain of 7% marked the chain's largest monthly increase since February.

Mervyn's, however, continues to lag behind other Dayton Hudson operations. Though the division scored a 12% overall sales jump, same-store results were up a more modest 5%. Also lagging were Dayton Hudson's specialty merchandisers, which include B. Dalton booksellers and Lechmere. The specialists turned in a combined 18% sales increase, but only a 1% gain for comparable stores.

Chicago-based Carson Pirie Scott & Co., joined other retailers and announced monthly sales results for the first time in August. Sales for the 20 Carson Pirie Scott department stores, 300 County Seat specialty store and catalog operations totaled $75.5 million in August, a 14.9% gain from $65.8 million in 1985.

For the first seven months of the current fiscal year, Carson's retail group totals increased 8.2%.

B-T-S pushes August sales up 11.3%

Major chains	% change	August sales* 1986	August sales* 1985	Stores 1986	Stores 1985	7-mo. sales* 1986	7-mo. sales* 1985	% change
Sears[1,2]	+ 4.5	$2,062,000	$1,973,000	801	795	$14,178,000	$13,833,000	+ 2.5
Penney[2]	+ 5.5	1,053,000	998,000	1,877	1,984	6,738,000	6,350,000	+ 6.1
Ward[2,3]	+ 6.1	341,300	321,700	292	316	2,211,600	2,199,400	+ 0.6
Dayton Hudson	+12.3	742,500	661,100	1,220	1,175	4,800,000	4,340,000	+10.6
Federated[4]	+ 5.9	644,200	608,400	495	476	4,311,300	4,129,500	+ 4.4
May Dept. Stores	+18.3	435,200	367,900	2,289	1,976	2,540,000	2,520,000	+12.7
Associated Dry Goods	+ 5.6	324,900	307,600	N/A	N/A	2,332,000	2,191,000	+ 6.4
Allied Stores	+ 9.6	319,000	291,200	N/A	630	2,219,000	2,063,000	+ 7.6
Carter Hawley Hale	+ 5.8	283,200	267,700	306	278	2,040,900	1,945,000	+ 4.9
Mercantile	+11.6	154,543	138,536	82	80	1,026,977	950,257	+ 8.1
K mart[5]	+ 7.5	1,690,100	1,572,100	2,185	2,174	12,438,400	11,635,900	+ 6.9
Wal-Mart	+40.1	1,030,000	735,000	963	819	6,140,000	4,330,000	+41.8
Zayre	+34.4	430,075	320,108	1,040	934	2,715,064	2,047,667	+32.6
Bradlees	+10.6	136,000	123,000	157	153	915,000	745,000	+22.8
Tandy	+ 7.5	249,878	232,411	N/A	N/A	1,764,327	1,542,112	+14.4
Circuit City	+58.0	79,500	50,300	76	97	472,200	310,500	+52.1
Federated Group	+25.7	30,300	24,100	61	48	215,200	171,700	+25.3
Totals & Averages	+11.3	$10,005,696	$8,992,155	—	—	$67,357,968	$61,304,036	+10.3

*000 omitted. N.C. = no change. N/A = not available.
[1]Store number for full-line outlets only. [2]Domestic operations only. [3]Continuing operations only. [4]Excludes supermarket sales. [5]Store number for K mart stores only.

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